

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7644

BILL NUMBER: HB 1330

DATE PREPARED: Jan 3, 2001

BILL AMENDED:

SUBJECT: School corporation budgeting process.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows the governing body of a school corporation to shift tax rates among the general fund, the capital projects fund, and the school transportation fund after the State Board of Tax Commissioners has certified the school corporation's tax levy and rate. It provides that the revised combined tax rate may not exceed the original combined tax rate certified by the state board of tax commissioners.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The state's expense for property tax replacement credits (PTRC) could be increased or decreased under this bill. PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any additional PTRC expenditures would ultimately come from the General Fund. Likewise, any PTRC savings would ultimately benefit the state General Fund.

The school General Fund and Transportation Fund receive PTRC and the Capital Project Fund does not. A shift in tax rates from the Capital Projects Fund to the General Fund or Transportation Fund would increase PTRC expenditures while a shift from the General Fund or the Transportation Fund to the Capital Project Fund would decrease PTRC expenditures. A shift between the General Fund and the Transportation Fund would have no state impact.

A tax rate shift of \$0.01 statewide in CY 2002 would have about \$3.4 M impact on the Property Tax Replacement Fund.

The State Board of Tax Commissioners could have a minor increase in administrative costs since the agency has to approve the shift.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill would allow schools to shift rates among the three funds. The net impact on school revenue is zero. A school could increase revenue for operating, transportation, or capital projects by reducing the revenue for the other purposes.

The taxpayer would have an increase or decrease in their tax bill depending on what funds are shifted. A shift from the Capital Project Fund would reduce the net property tax bill by 20% of the transfer and the state would pay the 20% as PTRC. A shift to the Capital Projects Fund would increase the net property tax bill by 20% of the shifted amount and the state would not pay the PTRC on the transfer.

State Agencies Affected: State Board of Tax Commissioners

Local Agencies Affected: Local School Corporations

Information Sources: